

STATE OF MARYLAND



JASON M. STANEK
CHAIRMAN

PUBLIC SERVICE COMMISSION

February 2, 2021

Chairman Dereck E. Davis
House Economic Matters Committee
House Office Building, Room 231
Annapolis, MD 21401

RE: HB 397 - INFORMATION - Electricity and Gas – Energy Suppliers – Supply Offers

House Bill 397 would prevent individuals who receive energy assistance from signing a contract for natural gas or electric supply with a retail energy supplier that contains a rate that is higher than default utility rates. I appreciate the sponsor's willingness to craft amendments to improve the legislation and offer the information below for the Committee's consideration.

HB 397 requires the Commission to issue an order or promulgate regulations before January 1, 2022¹ and approve gas and electric supply offers for individuals who receive energy assistance through the Maryland Department of Human Services, Office of Home Energy Programs (OHEP), on an ongoing basis. Retail energy suppliers would be prohibited from soliciting individuals receiving OHEP benefits with unapproved offers. This legislation represents a significant policy shift since the Commission does not currently regulate the rates or terms of retail supply offers.

The Commission would need to establish procedures via regulation to satisfy the legislation's requirements. Specifically, the Commission would need to design and implement an ongoing process for identifying customers who are approved by OHEP, as well as eligible supply offers. This could prove difficult since default "SOS" electricity rates for utility service change at least twice a year and gas rates change on a monthly basis. Each time the utility rates change, the Commission would need to review approved offers to determine if they remain at or below the new SOS rate. Additionally, it is hard to estimate how many retail suppliers would choose to continue soliciting customers that receive energy assistance under the terms envisioned in HB 397.

In addition, HB 397 requires the Commission to file an annual report containing information that the Commission does not currently possess. Therefore, I support the sponsor's proposed amendments that clarify which entities must provide energy assistance and supplier enrollment data to the Commission.² Specifically, Section D(1)(vi) of the legislation requires the

¹ I support the proposed amendments to extend the dates for regulation promulgation and for supplier compliance.

² I also support the deletion of (E).

Commission to report “the total number of energy assistance households that filed complaints about their third party supplier.” While the Commission handles and tracks complaints against retail energy suppliers and regulated utility companies, it does not currently require customers to report their income or OHEP qualification status during the complaint process. While adding this requirement is possible, it may have a chilling effect on customers’ willingness to file complaints.

Thank you for your consideration of this information regarding HB 397 and the sponsor’s proposed amendments. Please contact the Commission’s Director of Legislative Affairs, Lisa Smith, if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason M. Stanek".

Jason M. Stanek
Chairman